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United States Attorney Eastern District of Arkansas

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RUSSELLVILLE COUPLE SENTENCED IN \$1.4 MILLION TAX EVASION CASE

Little Rock – Jane W. Duke, United States Attorney for the Eastern District of Arkansas, along with Christopher Pikelis, Special Agent in Charge for Internal Revenue Service Criminal Investigation - Nashville Field Office, announced that Craig A. Hagerty, age 46, and his wife, Angela L. Hagerty, age 40, both of Russellville, Arkansas, were sentenced yesterday by U.S. District Judge Susan Webber Wright. Craig Hagerty was sentenced to serve 46 months in prison, followed by 3 years of supervised release. Angela Hagerty was ordered to serve 36 months probation with a special condition of 6 months home detention. In addition, Judge Wright also ordered both Hagertys to pay restitution of \$1,441,057.

Craig Hagerty pled guilty on September 25, 2009, to two separate tax fraud charges. The charges were originally levied in September 2008 through an eight-count indictment in which both Hagerty and his wife were charged. Craig pled guilty to conspiring to defraud the United States in determination of the lawful tax he owed. He also pled guilty to evading the payment of the taxes. Angela pled guilty a few days later to one count of misprision of a felony.

The tax fraud underlying the charges stems from information Hagerty obtained from The Aegis Company (Aegis) on how to establish trust entities outside the United States in order to conceal and hide income, conduct financial transactions, and claim expenses and deductions that were improper. According to authorities, Aegis, which is now defunct, engaged in a widespread scheme to sell sham domestic and foreign trusts to taxpayers. The scheme was premised on the false notion that income could be moved to the foreign trusts and avoid United States tax liability. According to the IRS, this scheme cost American taxpayers in excess of \$60 million in lost tax revenue.

Aegis has been the subject of a widespread IRS investigation that originated in Chicago, Illinois. A number of people, including the principal operators of Aegis, have been prosecuted and convicted for utilizing foreign accounts and trusts, and for encouraging others to utilize foreign accounts and trusts to evade the payment of legitimate taxes.

Craig Hagerty utilized the Aegis "abusive trust" scheme from 1999 until the end of 2002, when he became aware of the IRS investigation. At that point, Hagerty changed the name of his company and simply continued the tax fraud. Hagerty continued to change the company name and the entities through which he did business through at least 2006. These various entities' names included Global One, Inc., Global Once Business Company (GOBC), Global One Asset Management Company (GOAMC), Global One Services Company, LTD, SourceOne, A Corporation Sole (SourceOne), Premier Investments Property, RYE LLC, and Olen Caudle Irrevocable Trust (OCIT).

During Hagerty's plea hearing in September, it was revealed that Hagerty and his wife filed returns for tax years 1999 through 2004 that understated their tax due and owing by approximately \$1.4 million. These returns understated the Hagertys' true income and overstated their legitimate business expense deductions. The Hagertys understated their income for 1999 – 2004 by approximately \$3,952,010 and overstated expenses and deductions for 1999 – 2001 by approximately \$593,000.

The charge of evasion of payment stems from Craig Hagerty continuing to create company names and hide assets in the names of those companies after it became clear to him that he was under criminal investigation for tax evasion and that efforts to levy and collect against his property would commence. The evasion by Craig Hagerty continued from approximately February 2006 until the Hagertys were indicted in September 2008.

This investigation was conducted by the Internal Revenue Service - Criminal Investigation Division, in conjunction with the United States Attorney's Office for the Eastern District of Arkansas. The matter was prosecuted by Senior Legal Advisor Michael Johnson.

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